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FOREIGN SERVICE DESPATCH

OFFICE OF CHINESE AFFAIRS
 Amembassy, TAIPEI
 AUG 8 1958
 DEPARTMENT OF STATE

TAIPEI

32

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	REC'D 8/6		CIA-12, 4514-10 Army-4, Navy-13, AIR-3

SUBJECT: Make-up and Policies of the New Cabinet.

Summary: Vice President CH'EN Ch'eng, who, on July 15, 1958, became concurrently President of the Executive Yuan (Premier), is remembered in Taiwan for the indomitable will, vigor, and relative efficiency he displayed in running Taiwan first as Governor in 1949, then as Premier in 1950-1954. Despite Ch'en's statement that there will be no changes of basic policy under his new administration, there is accordingly considerable expectation that he will significantly improve the manner of implementation and the effectiveness of existing policies.

The Cabinet line-up, though not greatly changed, is an improvement over its predecessor. Those changes which were made have been generally welcomed, whether because they brought eminent and capable figures into the cabinet, because they removed unpopular men, or because they broadened the political base of the cabinet. Although it is not expected that HUANG Shao-ku will make as good a Foreign Minister as George YEH, Huang is an able and popular man, on relatively good terms with almost everybody. The common knowledge that Yeh is to be made Ambassador to Washington, and will thus continue to serve in an important diplomatic capacity, helps to make his replacement by Huang acceptable to the public. Continuity of policy is assured by the two able Vice Ministers.

In the field of external policies, close relations with the United States will continue the cornerstone of Chinese foreign policy. Discreet but intensive effort will be made to counter trends in United States opinion unfavorable to Free China. Even stronger efforts will be made to persuade the United States to assert its leadership over the free world and counter the trend toward neutralism by the adoption of more aggressive anti-Communist policies. On Taiwan, the regularization of Sino-American relations may be sought somewhat more insistently. In the administration of the aid program, the new cabinet may make a clearer delineation between activities which are the proper concern of the Chinese only, and those which are of joint interest. The administration of overseas Chinese affairs will

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probably be improved and brought into better coordination with foreign policy. The GRC's opposition to neutralism, particularly if and as manifested by Japan, may become even more forthright.

In domestic policy, Ch'en's appointment makes even more remote the prospect of any change in the "counterattack" posture of the GRC. Partly to promote political unity, Ch'en will attempt to heighten faith in recovery of the mainland, and to root out "defeatist" opinion. However, he will seek to avoid excessive stimulation of "return" hopes, in order to prevent a subsequent let-down of morale. While Ch'en's administration may witness an intensification of efforts to win United States agreement to limited offensive action against the mainland, no probability is now seen of unilateral action.

The new cabinet probably sees as its most urgent major domestic problem the improvement of the livelihood of military and civilian employees of the Government, in order to prevent further deterioration of morale. Consideration will be given to a reduction of forces to produce the required budgetary resources. Some concern is acknowledged regarding the population problem, and an eventual birth-control program under Government sponsorship is not out of the question, but consideration of such a program will be given a low priority. In public education, the approach will be to improve operations through economies and reforms, rather than through new and costly expansion programs.

In the field of domestic politics, Ch'en will make no concessions of principle to the legislative "opposition"; however, he will probably not provoke a show-down fight. It is significant that the re-registration of Party members has been postponed indefinitely. Legislative harmony will be sought instead through greater use of the Party caucus system, now being re-vitalized.

COMMENT: Only the most tentative estimate is possible at this time of the manner in which policies pursued by the new cabinet will differ from those of O. K. YUI's cabinet. Some shifts of emphasis that do occur will be the eventuation of trends and influences already at work. The estimates made in this despatch are based largely on conversations with new Vice Premier WANG Yun-wu, Vice Minister for Foreign Affairs SHEN Ch'ang-huan, Minister without Portfolio WANG Shih-chieh, and some legislators, as well as published comment (see enclosures). It should be noted there has as yet (July 21) been no formal Cabinet meeting.

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The Character of the New Premier:

Vice President Ch'en Ch'eng, after taking over the official seal of President of the Executive Yuan from C. K. Yang on July 15, told the press there would be no change in the fundamental policies of the Republic of China under his administration. However, there is an expectation among many Chinese observers (including new Vice Premier Wang Yun-wu) that there will be a significant change in the manner of implementation of national policies.

This expectation stems in part from the popular estimate of the character of the new Premier. Ch'en is remembered for his indomitable will and steadfastness of purpose which, more than any other factor, are credited with the resurrection of Free China after the retreat to Taiwan in 1949. He recommenced the reorganization of the armed forces; he rooted out Communists; he took the first steps toward land reform and local government; he restored a measure of efficiency to the Government; he carried out a successful currency reform. And he took these steps at a time when the world at large, and even most of the Chinese on Taiwan, were waiting for the "inevitable" Communist conquest of the island (see Enclosure 2). To many mainlander Chinese, Ch'en is second only to President Chiang as a symbol of hopes for return to the mainland. Much of the comment on Ch'en's nomination, in the press, in the Legislative Yuan (Enclosure 3) and even, according to one report, in the KMT Standing Committee (Enclosure 6) has focussed on the new Premier's capacity to embody faith in a counterattack.

In the field of administration, the popular impression of Ch'en's character is that of a vigorous, inflexible but just, military man, inclined to be impatient of the parliamentary process, more because of a lack of first-hand experience with Western governmental systems than because of any native illiberal tendencies (see Enclosures 4 and 7 for comments of Legislators HSIEH Jen-chao, PAO Hua-kuo, and former Foreign Minister WANG Shih-chieh.) However, in the opinion of those who have worked closely with him, Ch'en has grown more patient and "human" in the past few years. In Western eyes, Ch'en seems frail, and mild-mannered almost to the point of shyness. He is not robust, and his personality is far from flamboyant; however, he possesses in high degree the traits that fit a man for leadership in China.

Ch'en is a Chinese nationalist, devoted to the preservation of China's dignity, integrity, and international standing. However, he is not "anti-foreign"; it was during his previous premiership that the basic terms of Free China's relationship with the United States were worked out.

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Ch'en's Prospects for 1960:

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Ch'en Ch'eng's appointment has for the most part been viewed as enhancing his prospects to succeed President Chiang in 1960. This view is probably correct, though some observers see a possibility that Ch'en's influence with the Legislative Yuan might be used to bring about an amendment of the Constitution to permit the President to succeed himself a second time (See Enclosure 6). There has also been some speculation that, by exposure to the legislative cross-fire, Ch'en's political prospects might be reduced, rather than enhanced. This speculation is of dubious validity, as (1) Ch'en is no novice at dealing with legislative crossfire, and (2) Ch'en is concurrently Vice President, and there is some question as to the propriety of his appearing too frequently before the Legislative Yuan, most of the legislative interpellations may be dealt with by Vice Premier Wang Yun-wu and the various ministers, rather than by Ch'en himself.

The New Cabinet:

Reaction to the new cabinet (See Enclosure 1) has in general been highly favorable, though there has been some criticism of the failure to replace Justice Minister KU Feng-hsiang and Interior Minister TIEN Chiung-chin. The number of changes was fairly small, but those changes which were made were welcomed, whether because they brought eminent and capable figures into the cabinet, because they broadened its political base or because they removed unpopular men. The appointment to the Vice Premiership of non-partisan WANG Yun-wu, noted scholar, publisher, Vice President of the Examination Yuan, and head of the Administrative Reform Committee, was taken as an indication that the Government was going to push reforms and increase the efficiency of the administration. Inactive Party member Dr. MEI Yi-ch'i, the new Minister of Education, is not only one of China's foremost scholars, but also he replaces CHANG CH'i-yun, one of the more unpopular members of the preceding cabinet. CH'EN Ch'ing-wen, the new Commissioner of Overseas Affairs, replaces the unpopular CHENG Yen-fen, and is a non-partisan. These factors alone would have made his appointment welcome, even if he were not also experienced in overseas Chinese affairs, and on excellent terms with the Foreign Ministry.

Considerable significance has been attached to the appointments of WANG Shih-chieh, ex-Foreign Minister, Lieutenant General CHIANG Ching-kuo, and General HSUEH Yueh as Ministers without Portfolio. Wang Shih-chieh has had no voice in national affairs since his abrupt dismissal in November, 1953 from the post of Secretary-General of the President's Office. His wealth of experience in high office in the past, and his reputation as an incorruptible

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liberal, contribute to both the strength and the political appeal of the cabinet, although it is not yet clear whether full use will be made of Wang's abilities (See Enclosure 4). The appointment of the President's eldest son Chiang Ching-kuo, one of the most dynamic, forceful, and progressive (though not necessarily "liberal") figures in the Chinese Government, also has its political implications, which many observers consider the dominant motive for his inclusion. Though reports of rivalry between Ch'en Ch'eng and the President's son are unsubstantiated, there do exist personal alignments among Kuomintang and Government officials, as well as in the Legislative Yuan, involving differing degrees of loyalty to Ch'en or to Chiang Ching-kuo. Ching-kuo's inclusion in the cabinet helps lay the rumors of rivalry, and to the extent a "pro-Chiang Ching-kuo group" may be said to exist, it involves that group in the responsibility for the conduct of the administration. General HSUEH Yueh, considered one of the most capable members of the Military Strategy Advisory Committee, is reportedly one of Ch'en Ch'eng's supporters. His appointment, like that of Ch'en's right-hand man in Party matters, CH'EN Hsueh-ping, as Secretary-General of the Cabinet will presumably strengthen Ch'en's personal control over the conduct of affairs.

The most surprising change in the cabinet line-up was the substitution of former Vice Premier HUANG Shao-ku for George YEH. Yeh is a popular man, both in the esteem of the general public, and with the Legislative Yuan (though he has refused to cater to some of the legislators' whims; see Enclosure 3). He is able and incorruptible, with a great flair for diplomacy. Huang is relatively untried in the field of foreign relations, and lacks Yeh's linguistic and diplomatic virtuosity. So far as his domestic political standing goes, Huang appears to have avoided excessive commitment to or against any faction. The legislators reportedly like him. One would have expected his leading role in the passage of the Publications Law Revisions Bill to leave more of a residue of bitterness among the legislative opponents of the bill than it has. While Huang upheld the Government position, Huang's past experience as a newsman, the private assurances he conveyed to LEI Chen that Lei's magazine Free China would not be the object of prosecution under the new law, and his general affability, have created the impression among some of the opponents of the press law that Huang's heart was really on the side of the press. Whatever the reasons, Huang's assignment as Foreign Minister is not an unpopular change. This may be in large part because of the general expectation that Yeh will be assigned to Washington to replace Hollington TONG: his talents are, therefore, not being lost to the nation.

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Tentative Estimate of External Policies of New Cabinet:

1. Relations with the United States: The maintenance of close and harmonious relations with the United States will continue to be the cornerstone of Free China's foreign policy (See Enclosure 9). Particularly if George Yeh does go to Washington as Ambassador, judicious but strong efforts will be made to rectify what the GRC regards as unfavorable trends of opinion in American intellectual and "liberal" circles. Some criticism has been expressed in Taipei of what might be termed the "mass public relations" approach of Ambassador Tong; "he makes too many speeches" is a frequently heard remark. More emphasis may accordingly be expected on the exertion of influence on key people in Government and in opinion-molding information media in the United States, and less on public speaking appearances. The GRC will continue to react promptly to any sign of a shift in United States policy, and will try even more earnestly to persuade the United States to take the leadership of the free world in the adoption of more aggressive anti-Communist policies.

2. Sino-American Relations on Taiwan: The Chinese effort to regularize relations with the American community on Taiwan will continue. Tentatively, it would seem even less likely that the Chinese will yield any significant concessions on the jurisdiction issue in the Status of Forces negotiations; however, the materialization of hostilities, or the clear threat of hostilities in the Taiwan area might result in shelving this issue. As was to some extent reflected in the dissolution of the Economic Stabilization Board, with the accompanying narrowing of the area of direct American participation in economic policy decision-making (See Embassy's telegram 46) the new administration may make a clearer delineation between activities which are the proper concern of the Chinese only and those which are properly of joint interest.

3. International Organizations: There is likely to be little or no change in Chinese policy with regard to the United Nations and other international organizations. Most of the relevant policy determinations have already been made. However, any future policy questions requiring Cabinet decisions (such as the recent decision permitting Chinese delegates to attend the IGY meeting in Moscow) may be decided with less weight given to the Foreign Ministry's point of view, slightly less readiness to accept American suggestions, and somewhat stricter adherence to positions of principle, once adopted.

4. Foreign Relations--Other: In its relations with other areas, the Republic of China will continue seeking to promote closer ties with all anti-Communist nations. Concern about the spread of neutralism will continue to increase, and the GRC will attempt

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even more vigorously to convince the United States and other friendly nations of the desirability of countering this trend through the adoption of more positive anti-communist policies. The GRC will watch Japan with especial wariness for signs of a drift toward political accommodation with Peiping. If such an accommodation appears imminent, the GRC will act as decisively as possible to counter it, not hesitating as a last resort to break off relations.

5. Overseas Chinese Affairs: Ch'en Ch'ing-wen, the new Overseas Affairs Commissioner, has in the past worked closely with the Foreign Ministry. He has twice served as delegate to ECAFE, and once as an ECAFE Sub-Committee delegate, and he accompanied Vice Foreign Minister SHEN Ch'ang-huan on his successful tour of Latin America in 1957. He is not experienced in Government, and this may reinforce his personal inclination to coordinate his work closely with that of the Foreign Ministry. The total effect should be to favor a more progressive policy in this important area, with greater emphasis on the maintenance of good relations with the governments of Southeast Asia, and somewhat less stress on the role of the Kuomintang organizations among the Overseas Chinese communities. However, the outgoing Commissioner, CHENG Yen-fen, energetic and politically astute, retains direction of the Third Section of the KMT, which is responsible for overseas Party matters. There is no indication that Cheng has lost the confidence of Ch'en Ch'eng (Cheng in a recent conversation with the reporting officer, stressed the cordiality of his personal relations with the Vice President). It is accordingly not to be expected that past overseas Chinese policies of the GRC will be reversed or discarded entirely.

Tentative Assessment of Domestic Policies:

1. The "Counterattack": Ch'en's appointment further reduces the already remote chance of any change in the "counterattack" posture of the GRC. There is a small body of Chinese opinion holding that the prospects of a recovery of the mainland through Chinese military action are too remote to justify the economic, psychological, and political burdens imposed by the posture of readiness for military counterattack. However, President Chiang and the GRC leadership continue to maintain that, despite the prior necessity for the development of proper conditions for a counterattack, internationally and on the mainland, the GRC must retain the capability of taking the military initiative. There have already been ample indications that Ch'en Ch'eng's administration will attempt to combat, rather than accommodate, "defeatist" opinion which discounts the prospects for a counterattack. He will attempt to strengthen faith in recovery of the mainland, partly to provide a rallying point for the promotion of political unity. Ch'en is aware of the danger of

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a popular "let-down" following over-stimulation of hopes for a recovery of the mainland (See Enclosure 3). However, he is also aware of the political necessity of maintaining faith in the concept which provides the rationale for the present structure and political system of the GRC.

No probability is seen of unilateral Chinese action against the mainland. Ch'en is a realist in this regard; however, Ch'en's administration may witness an intensification of efforts to win United States agreement to limited offensive action against the mainland (See Despatch 22).

2. Relations with Legislative Yuan, Opposition, and Critical Press: It is generally expected that the new cabinet will be more effective than its predecessor in obtaining prompt legislative backing for its programs and policies, and will have less trouble with legislative recalcitrance. Ch'en commands the personal loyalty of the largest single group of legislators, and he can count on the support of other "pro-Government" groups to give him a heavy majority when he demands it. Judging by his previous performance as Premier, he will take a brusque "no-nonsense" approach to critical legislators, which is likely to be effective. It still remains the view of the executive leadership that the "opposition" in the Legislative Yuan and the Party at large has neither the leadership nor the executive potential to enable it seriously to challenge the executive authority. (See Enclosure 3). The new cabinet is thus not likely to make any concessions of principle for fear of legislative opposition.

Most of the legislators who spoke in support of the Premier's confirmation at the Legislative session July 4 were associated with the "opposition" (See Enclosure 8); they offered their loyal support for Ch'en, but indicated the hope he would avoid narrow partisanship. Some called on Ch'en to fulfill the promise he made over 4 years ago, to hold an Anti-Communist National Salvation Conference (which is expected by the "opposition" to result in the creation of a "genuine" opposition party). The "opposition" is thus not prepared to strike its flags and leave the field of honor without a battle (See Enclosure 7).

For its part, the new Cabinet does not at this time seem inclined to head into a "show-down" fight with the "opposition". The "indefinite postponement" of the re-registration of Party members, at least in part because of Ch'en's opposition to it, may reflect a more positive approach to the problem of Party discipline (See Enclosures 3 and 4). It may have been thought preferable to seek Party unity by other methods, such as a revival of emphasis on the counterattack, the inclusion in the cabinet of non-partisan

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and minor party figures, and greater recourse to the party caucus mechanism, rather than by the drastic method of a purge.

The new cabinet will probably be somewhat less tolerant of press criticism than its predecessor. In particular, an effort will be made to eliminate criticism of such fundamental policies as the counterattack posture. (See Enclosure 3).

3. Prospects for a Reduction of the Military Burden to Improve Livelihood: There is high level concern in the GRC over the deterioration of morale among military and civilian employees of the Government, attributed in part to their failure to receive a living wage. Because of the preponderance of the military side of the budget, it is recognized that any search for budgetary resources to implement a pay raise should begin with an examination of the possibility of a cut in other military expenditures. Although the possibility of a cut in the size of the armed forces has received at least tentative consideration (See Enclosures 4 and 7), the obstacles in the way of a reduction of forces are enormous. It would impair faith in the counterattack; it would have to be accompanied by some compensating measures of modernization; and it would not come cheap, if it is to be properly phased and financed so as to avoid economic and social dislocations. (See Enclosure 3).

4. A Birth-Control Program? Ch'en Ch'eng recognizes the seriousness of the population problem (See Enclosure 7) and, although the Chinese tradition of large families remains an obstacle in the way of official sponsorship of a birth control program, it is thought within the capabilities of the new cabinet to undertake such a program. (See Enclosure 4). However, the new Cabinet will not assign a high priority to consideration of this problem, one reason probably being that benefits of a birth-control program would only be realized over the long haul, and the GRC is not ready at this point to adopt a long-haul approach to its future.

5. Relations with the Taiwanese and the Provincial Government: Because of Ch'en Ch'eng's effective performance as Governor in the difficult year of 1949, and his leading role in initiating land reforms and local government, both as Governor and as Premier, he is expected to improve relations between the Central and the Provincial Governments. Wang Shih-chieh, in his capacity as minister without portfolio, hopes to bring about the adoption of measures which will give the Taiwanese a greater sense of identification with and participation in the Central Government. Whether this will be possible without running afoul of the continuing stress on the counterattack as the Government's rationale remains to be seen.

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6. Education: The new Cabinet will adopt a conservative approach to the problems of public education, with an eye to economy rather than aiming at the development of new programs or the expansion of facilities.

CONCLUSIONS:

From the point of view of most immediate United States interests, the new cabinet of Premier Ch'en Ch'eng is an improvement over its predecessor. More vigorous and efficient, it will ensure that Free China makes the maximum contribution of which it is capable to the preservation of Taiwan's military security. Unilateral military action by the GRC against the mainland continues highly unlikely. Basic policies of alignment with the United States and the free world will remain unchanged. Evolution toward responsible, western-style political institutions on the national level is, if anything, somewhat less likely; but the administration of government will be fair and equitable, and near-term prospects for continued political stability have probably improved. The adoption of a long-haul approach to Taiwan's future, with greater emphasis on economic development and less on short-run military objectives is a possibility, though difficult to achieve. The new administration has the vision to estimate its situation correctly and the capacity to tackle some of its more pressing problems in the economic and social fields.

For the Ambassador:



David L. Osborn
Counselor of Embassy for
Political Affairs

Enclosures: *11*

1. New Cabinet Lineup
2. An Appraisal of Ch'en Ch'eng's
Past Performance, by
FSL S. A. Wu.
3. Memorandum of Conversation
Shen Ch'ang-huan, July 15, 1958
4. Memorandum of Conversation
Wang Shih-chieh, July 15, 1958
5. Memorandum of Conversation
Wang Yun-wu, July 21, 1958
6. Memorandum of Conversation
Hsieh Jen-chao
7. Memorandum of Conversation
Pao Hua-kuo, Hsieh Jen-chao
July 7, 1958

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8. Article: Kung Lun Pao,
July 5, 1958
9. Statement to the Press,
Huang Shao-ku, July 19, 1958
10. Summary of Editorial Comments on
the New Cabinet.

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NEW CABINET LINEUP

(Official List)

Premier:
Vice Premier:
Ministers Without Portfolio:

Chen Cheng (new)
Wang Yun-wu (new)
Lt. Gen. Chiang Ching-kuo (new)
Tsai Pei-huo (incumbent)
Yu Ching-tang (incumbent)
General Hsueh Yush (new)
Dr. Wang Shih-chieh (new)
2 from minority parties to
be named

Minister of Interior:
Minister of Foreign Affairs:
Minister of Finance:
Minister of Economic Affairs:
Minister of National Defense:
Minister of Communications:
Minister of Justice:
Minister of Education:
Chairman of the Overseas
Affairs Commission:
Chairman of Mongolian-Tibetan
Affairs Commission:
(The above name) have voting
Secretary General:
Comptroller General:
Government Information
Director:

Tien Chun-chin (incumbent)
S. K. Huang (new)
C. K. Yen (incumbent)
C. T. Yang (incumbent)
Yu Ta-wei (incumbent)
Yuan Shou-chien (incumbent)
Ku Feng-hsiang (incumbent)
Dr. Mei Yi-chi (new)

C. M. Chen (new)
Li Yung-hsin (new)
rights in cabinet meetings)
Chen Hsueh-ping (new)
Chen Ching-yu (new)

Dr. Sampson Shen (incumbent)

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CH'EN CHENG - An Appraisal of His Past Performance
July 2, 1958

A Defeated Soldier

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When Ch'en Cheng was relieved of his duties as Chief of General Staff and Director, President's Headquarters in the Northeast, in the later part of 1948, he was a completely defeated man, suffering from collapsing health. His forces in Manchuria had been utterly defeated by the Communist forces.

Some members in the Legislative Yuan in Nanking, notably Liu Pu-tung, even demanded that he be beheaded to console the people, particularly those in Manchuria. Actually, Ch'en has always been a brave and honest soldier, both patriotic and loyal. The President relieved him of all his duties and ordered him to go to Taiwan to convalesce.

When Ch'en arrived at Sungshan airport, he was a lonely man and accompanied only by Mrs. Ch'en and his children. Only General Peng Meng-chi, then Commander of Taiwan Garrison Command, was at the airport to greet him. He stayed on Grass Mountain convalescing until he was appointed Governor of Taiwan in early 1949.

Governor of Taiwan

When Ch'en Cheng took over the provincial administration from Wei Tao-ming on January 5, 1949, the Province was almost in a state of chaos. Refugees and evacuating troops were pouring in from the opposite shore, prices were rocketing, the currency was depreciating, and the island was infiltrated with Chinese Communist agents. Above all Taiwan was always under the threat of a Communist invasion.

In this dark hour, Ch'en did not disappoint the people and the President. Shortly after he took the bold step of stabilizing the currency on this island by introducing the new Taiwan dollars. He improved the life of the island's peasantry by carrying out the 37.5% rent reduction program. Many observers, including foreigners on the island, doubted at first that the program could be successful. Ch'en pushed forward the program against all difficulties and it turned out to be a success. The life of the peasants was greatly improved and the production of food was increased.

Another commendable policy of Ch'en's was his planning to carry out local self-government, as promised by the Constitution. He took steps to prepare for the implementation of the program

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though the first local elections were held in October, 1950, when Ch'en was already President of the Executive Yuan.

Another great contribution during Ch'en's governorship was his regrouping of the army troops evacuated from the mainland. Other accomplishments were maintenance of public safety and reducing of unemployment.

President of the Executive Yuan

Ch'en took office as the President of the Executive Yuan in March 1950. He remained in the post until May, 1954 when he was elected Vice President. During those four years, the defense of the island stronghold was strengthened, local self-government was implemented, economic and financial crises were fought back, a solid budget and final accounting system was established, the Land-to-the-tillers Program was well carried out and major economic reconstruction projects were planned and got underway. Taiwan thus became one of the most stable countries in the Far East. Under his leadership as Chairman of the Council for United States aid, Taiwan became a place where US aid was most effectively used.

With all these brilliant achievements on record, Ch'en earned the reputation of a successful statesman. His talent was not only shown in military and political affairs, but economic affairs as well. At the same time, he established his own popularity. Domestically and internationally, his prestige was only next to that of President Chiang Kai-shek. And, when the nation's second presidential election took place in March 1954, he was nominated and elected as the 2nd Vice President of the Republic with no one in any position to compete with him.

The Vice President

There is no stipulation in the Constitution defining the functions and duties of the Republic's Vice President. He could be an idle man if he wants to. But Ch'en is very active. He now heads an economic and financial group, a body which works and studies to improve the nation's economic and financial affairs. He is also the Chairman of the Mainland Recovery Planning Board. Beside these positions, he heads the Shihmen Reservoir Construction Committee. Upon the completion of this project, about 56,000 hectares of land will be benefitted and about 200 million KWH will be generated yearly. It is a big job and many people were reportedly against it, but Ch'en insisted on pushing it through. In his own party, the ruling Kuomintang, Ch'en is the Deputy-Director-General (Fu Tsungtsai).

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: SHEN Ch'ang-huan, Political Vice Minister

David L. Osborn, Counselor of Embassy for
Political Affairs

SUBJECT: Policies of CH'EN Ch'eng Cabinet

DATE: July 15, 1958

General Character of Cabinet: Political Vice Minister (and, at the time of this interview, Acting Foreign Minister) SHEN Ch'ang-huan characterized the new cabinet as stronger, more broadly based, and more "high-powered" in its personalities than the O. K. YUI Cabinet. Despite the reputation of Vice President Ch'en as a man of vigorous action, and a general anticipation in press circles that his administration will be one of bold, new policies, the stress will be on a conservative, sound administration, with a maximum effort to bring the budget more into balance, to make existing policies more effective, rather than greatly to expand the activities and undertakings of the government. In the field of education, for example, there will not be a great expansion of classroom facilities and services, but an effort to make better use of existing facilities. In other fields as well, activities will be scrutinized to find ways of reforming and economizing. Although this is a statement which could not be made publicly, said Shen, "retrenchment" will be more characteristic of the new cabinet than expansion. WANG Yun-wu is expected to be most valuable in this aspect of the cabinet's work.

"Counterattack" Policies: Minister Shen said it was natural but unfortunate that press and public opinion had focussed to such an extent on the Vice President's appointment as a symbol of the "counterattack". The Vice President understands, as well as anyone else in the Government, the monumental difficulties in the way of a military counterattack in the near future. He knows that while the international situation could change very rapidly, particularly in the Middle East, the chances are that developments there will not provide any opportunity for the Chinese to recover the mainland. He is prepared for an indefinite waiting game. He realizes that the prospects of the GRC are bound up inextricably with the policies of the United States and the free world. However, Shen continued, the general public, and the great majority of the legislators as well, do not have the Vice President's steady nerves. They can't

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understand why the Government doesn't take the offensive when ever any development, such as a Hungary, or the situation in Indonesia, occurs. And the Government can't take the stand and pooh-pooh the idea of a counterattack.

Shen said he had recently discussed the problem of public statements about a counterattack with the Vice President, and had cautioned him against the danger that too much emphasis on return to the mainland is like over-use of an artificial stimulant, which produces serious let-down when discontinued.

Relations with Legislative Yuan: Shen said the inclusion of non-partisans WANG Yun-wu and C. M. CHEN, inactive Party member MEI Yi-chi, and liberal statesman WANG Shih-chieh was evidence of the willingness of the new Cabinet to accept the cooperation of able people regardless of party affiliation. However, Shen indicated that the Cabinet was not contemplating a honeymoon with the "opposition" in the Legislative Yuan. He commented that it was ironic that the "opposition", now demanding "democratic" reforms and "liberalization" of the Government, was composed of CC Clique elements who by nature and by their record on the mainland were reactionaries. Others were persons who had compromised themselves by their support of LI Tsung-jen. Shen conceded that many of them had supported LI because of his position at that time, and had not supported his policy of accepting the Communist terms for coalition. Still others were faint-hearted people who had come to Taiwan via Hong Kong only after the Seventh Fleet had arrived. "Am I, or any other Cabinet member, supposed to discuss sensitive policy matters with people like that?" Shen asked. "This is a Government of people who are ready to die for a principle, not of those who are only opportunists."

Shen was proud of Foreign Minister Yeh's record of never having any truck with such "blackmail." Yeh had even consistently refused to invite the Legislators to dinner periodically, as is the custom of some other ministers. In any case, Shen stressed that the "opposition" in the Legislative Yuan was inherently incapable of blocking execution of cabinet policies. They have no dedicated organization, no leadership, and they are unwilling to leave the Party. What they really want is for the Party to put them all into position of power. Yet the "opposition" has no personages capable of assuming top-level executive positions, if they were given the chance. They have no George Yeh, no Huang Shao-ku, not even a Shen Ch'ang-huan!

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"Re-registration" of Party Members Indefinitely Postponed:

I asked Shen whether the reported measures to strengthen Party discipline and improve executive coordination with the Legislative Yuan were going to be put into effect. He said that the re-registration of Party members had been indefinitely postponed. However, a re-vitalization of the Policy Board, or Party caucus, was already afoot. This did not involve any reduction in size or refinement of membership of the rather cumbersome caucus, but primarily a greater use of the caucus mechanism for airing of policies and getting Party positions straight in the Legislative Yuan.

The Government and the Press: In connection with his criticism of the Legislative Yuan, Shen quoted a recent remark of President CHIANG, to the effect that "in a normal society, the legislature watches the Government, and the press watches the legislature. Here, the Government is forced to watch both the Legislature and the press!" Not only is the legislature riddled with corruption, but so is the press, and the Government is deeply concerned over this. Shen said the so-called "independent papers" are no more truly independent than the acknowledged official papers. Free China got its start through a Kuomintang subsidy. When Shen was head of the KMT's 4th Section, he had to deal with periodic requests by the "private" papers for Government easy-term loans. All private papers in Taiwan were still receiving a form of subsidy from the Provincial Government, in the form of a prescribed paid advertisement. This practice, initiated by K. C. WU, is still in effect. Shen said that if the independent papers became too objectionable, he would favor the Government's exposing their various shady connections.

Economic Problems; Size of Forces: Shen said the most serious domestic problems facing the new Cabinet were economic. The growth of population, and the severe limitations on resources, meant there was more demand for goods and services than could be met. The progress that had taken place since 1950 had created rising expectations. These problems had no ready solution. People talked about reducing the size of military forces as a possible solution. Quite apart from the psychological effects of a cut in armed forces, there was a question as to whether the defensive requirements could be met by a significantly reduced army. One third of the Army is on the offshore islands. Could the remaining two thirds effectively defend Taiwan's long coastline? No ground forces could be expected from the U.S., of course. Also, a cut in force levels would not mean an automatic benefit to the nation, unless the reduction were accomplished by an aid-financed program like the RETSER. The social effects of an unplanned demobilization, throwing jobless, rootless servicemen into the streets, would be disastrous.

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Overseas Chinese Affairs: Shen spoke very highly of CHEN Ch'ing-wen, whom he called "Shorty". Chen was born in Kuala Lumpur of Fukienese parents, received a British education, as a result of which he writes English better than Chinese. He accompanied Shen on his trip to Latin America last year, and did an effective job of public relations. He is only by courtesy an "advisor" to the Ministry; however, his direction of the Overseas Affairs Commission will help bring the operations of the Commission more into line with the Foreign Ministry's policies.

Shen hastened to add that he was not criticizing outgoing Chairman CHENG Yen-fen. Overseas Affairs Commissioner was one of the most demanding jobs in the Government, with the most opportunities for making enemies. Reverting to the Legislative Yuan, Shen commented that the most reactionary people in China in regard to overseas Chinese matters were the legislators who now counted themselves among the "liberal" elements.

Foreign Policy: Shen indicated there would be no change in foreign policy under the new Foreign Minister. Administrative Vice Minister CHOW Shu-kai and himself would provide continuity of policy. In regard to policy toward the United States, the Government was concerned about the recent drift of opinion in the United States. It would be a priority task for the new administration to try to promote better understanding. Here in Taiwan, the effort would continue to regularize the status of American forces.

At this point, there was an urgent call for the Acting Foreign Minister, and the conversation was interrupted.

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: WANG Shih-chieh
D. L. Osborn, Embassy

SUBJECT: The New Cabinet

DATE: July 15, 1958.

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CH'EN Ch'eng: WANG prefaced his comments on the new Cabinet by praise of Ch'en Ch'eng's qualities of leadership. "If there is a Free China today, it is largely due to two things: the change in United States policy at the beginning of the Korean War, and the leadership of Ch'en Ch'eng. At the time Ch'en became Governor, and later Premier, he showed indomitable courage in taking the necessary measures to put the government back on its feet, in spite of the almost universal defeatism and apathy of that time. He got rid of the Communists. He initiated land reform. He took the first steps toward local self-government." Wang commented that the initiative in the move toward self-government had actually been Ch'en's, and not K. C. WU's. Though Wu later got much of the credit, he had been rather apathetic at the start.

Wang continued that Free China is facing now, or will face by, say, 1960, a crisis equally as serious as that of 1949-50. Just after the announcement of Ch'en's designation as Premier, he talked to the Vice President about the two problems which he (Wang) considers most critical, and had urged the Vice President to provide the leadership required to solve them. Wang implied that Ch'en's later request of Wang to accept the position of Minister without Portfolio may have been related to his discussion of these two problems.

The Problem of the Military Burden: The first, and more urgent of the two critical problems, Wang said, is that of reducing the "wastage" of resources on the military. The mainland was lost partly because of the failure of the Government to provide its soldiers and its civilian employees a living wage. The same failure is again becoming apparent. It is impossible to have loyal troops and honest, efficient government unless certain minimum living standards are preserved. In Wang's opinion, military morale was now threatened, and corruption was on the increase in government, because these minimum standards were not being met.

There is so little leeway in the non-military part of the national budget, Wang said, that the only possibility of tackling the problem of living standards is through a reduction of the military budget. This, in turn, makes necessary some consideration of a reduction in the size of forces. Wang had discussed this problem only tentatively with a limited number of government officials, and he was not sure that a feasible plan could be worked out. However, his own idea, a strictly personal one, was that the simplest way to reduce the size of forces would be to call a halt for two or

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three years to the recruitment of reserves, and use the money that would be saved, first, to help finance further retirement in the higher grades of the Army, and second, to improve the treatment of remaining soldiers and civilian employees of the Government. Any decline in military effectiveness resulting from the reduction in numbers would, Wang felt, be offset by the improvement in morale and possibly by some modernization of the organization and equipment of the forces. Wang emphasized that this was merely his own thinking, and did not represent a proposal for action.

The Problem of Winning the Taiwanese: The second problem Wang considered critical was one affecting the longer-run stability of the GRC: that of bringing the Taiwanese into closer relationship with the Central Government. Wang did not dispute that there had been improvement in the relations between the Taiwanese and the mainlanders, as individuals and as social groups; but there had been no improvement in the feeling of the Taiwanese toward the Central Government. This was the fault of the Government itself, for it had made no effort to encourage Taiwanese participation in the Central Government. It was admittedly difficult to put inexperienced Taiwanese, many of them not even competent in the national language, into positions of authority; however, a start should have been made before now, so that when the Taiwanese inevitably become the dominant element, and the major source of "new blood" for positions of leadership, qualified persons will be available. Also, although the Taiwanese are not now subject to subversion, the longer they lack the sense of identification with the Government, the more vulnerable they will become.

Dr. Wang did not seem to have a specific program in mind to accomplish this objective, apart from the assignment of as many as possible qualified Taiwanese to Central Government positions. However, he commented that his proposal for stopping recruitment of reserves for two or three years would incidentally help improve Taiwanese feeling toward the Government.

The Population Problem: I asked Dr. Wang whether he did not regard the population problem as one of the more critical ones. He said this was a part of the complex of serious economic problems which he knew concerned Ch'en Ch'eng. Wang felt it would be possible for the new Cabinet, if it chose, to initiate a program of birth control, despite the tradition against it. However, he cautioned that it would not be easy to carry out a birth control program that would really make an effective contribution to the solution of the population problem. Too superficial a program would take effect only among the intellectual and comparatively well-to-do. Among these groups, there is already some limitation of family sizes. People are marrying later now. If a birth control program is to work, it would require an extensive apparatus of clinics and field workers, in order to reach the farmers and workers, who still marry young, and among whom the large-family tradition is strongest.

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The New Cabinet and the Opposition: Commenting on the Kuomintang's decision to postpone the re-registration of Party members indefinitely (Wang thought "indefinitely" meant at least a couple of years), Wang said he thought this decision was taken because Ch'en Ch'eng, and a number of other Party officials, had opposed it, and had only gone along with the idea initially because the President so strongly favored it. Wang said the President, like any ruler in power too long, has become increasingly intolerant of criticism. There was no chance, Wang thought, of the Kuomintang's deciding in the near future to allow the emergence of a genuine opposition party. He, himself, thought the existence of an opposition element, such as was illustrated by the ninety-odd votes against Ch'en's confirmation (Wang was obviously counting as negative votes the 14 abstentions) in the Legislative Yuan was a healthy sign. He personally would favor a formal split in the Party to permit the formation of a real opposition, and he did not think this would endanger the stability of the Government. However, President Chiang, who had at one time on the mainland favored a split in the KMT, had decided after the flight to Taiwan that the need for national unity was too great to permit this luxury. On Ch'en Ch'eng's attitude toward the legislative opposition, Wang remarked that Ch'en's limited experience of Western democratic procedures makes him somewhat intolerant of legislative give and take.

Appointment of CHIANG Ching-kuo as Minister Without Portfolio: Wang said he had no direct information on the reason for the appointment of General Chiang Ching-kuo to the cabinet, but he would assume one purpose was to spread responsibility for the conduct of government to all major groups. It was consistent with the broadly-based character of the new cabinet.

Wang Shih-chieh's "Reinstatement": Dr. Wang indicated his own appointment as Minister without Portfolio was also in part politically motivated, in order to enhance the broadly-based character of the cabinet. He commented that he had not seen President Chiang, except to exchange greetings, for over 4 years. He had not been consulted by Ch'en Ch'eng since the discussion referred to above, which took place at Wang's initiative. He had, of course, no "routine" functions as Minister without Portfolio. However, Wang clearly hopes to play an active role in formulating policy for dealing with what he considers the basic problems facing the cabinet.

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: WANG Yun-wu, Vice President of Executive Yuan

David L. Osborn, Counselor of Embassy for
Political Affairs

SUBJECT: The New Administration

DATE: July 21, 1958

The Character of CH'EN Ch'eng: Wang said his agreement to serve as Vice Premier was given only at the urging of the Vice President. Wang would have much preferred to continue in his rather inactive position as Vice President of the Examination Yuan; it gave him time for reflection and writing. He had taken the chairmanship of the Administrative Reform Committee only on the assumption it was a six-months' job--no more. Now here he was, Vice Premier again (he held the post ten years ago). In loyalty to Ch'en Ch'eng, he could not refuse, especially when Ch'en pointed out that no-one better than Wang himself could put into practice the reform recommendations of his Committee.

Wang said that Ch'en's capacity to handle people has improved greatly in the past four years. He used to possess a "military mind", in the sense of an impatient desire to get things done, and a reluctance to submit his decisions to debate and criticism. He is now much more patient. As Wang has observed from Ch'en's conduct of the Mainland Recovery Planning Commission, Ch'en has been "humanized".

The Vice Premiership: Wang said one reason for his initial refusal of the Vice Premiership was that HUANG Shao-ku was so well qualified for it. Wang had advised Ch'en that as concurrent Vice President, he should limit his appearances before the legislature to a minimum. Huang, a man without "corners", politically speaking, was able to deal with the legislature more effectively than he--Wang--could do, because Wang was too blunt. The legislators liked Huang; while Wang was on good terms with them individually, and while his lack of Party membership might be an advantage in some ways, it would make him less effective as a party whip.

The Foreign Ministry: Wang thought Huang should make a very effective Foreign Minister, though not so good as George YEH, a really great diplomat. However, Yeh would make a good Ambassador to Washington, following Hollington TONG's retirement to Taichung. Wang said Tong had confided in the course of his last visit that his intention was to devote himself to missionary work in the Taichung area, following his retirement.

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WANG Shih-chieh: Wang said one of his unspoken reasons for agreeing to join the cabinet was the fact the Vice President had assured him Dr. WANG Shih-chieh was to be given a post. The new Vice Premier believes that Dr. WANG will be able to make a real contribution to the Cabinet, and not just serve as window-dressing. Ch'en Ch'eng has stressed his complete confidence in Dr. Wang.

CHIANG Ching-kuo: The appointment of Lieutenant General Chiang as Minister without Portfolio would, Wang thought, add to the effectiveness of the cabinet meetings. He is patriotic, has an incisive mind, and can get things done. He is not conservative in his approach to policies. In addition, the appointment enlists Ching-kuo's political influence behind the cabinet.

Minor Party Ministers: Wang saw little prospect of significant legislative opposition to the policies of the new cabinet. One reason was the astute move in inviting the Young China Party and the Democratic Socialist Party to nominate persons to be ministers without portfolio, which served even further to broaden the political base of the cabinet. Wang said the minor parties had not yet been able to agree on nominations; this might be due in part to the absence in the United States of CH'EN Chi-t'ien, Wang's neighbor and good friend, at least in the case of the Young China Party.

COMMENT: The Lung Lun Pao for July 21 reported that the minor parties were refusing as a matter of principle to accept the proffered posts.

Overseas Affairs Commissioner: Until his appointment as Overseas Affairs Commissioner, CH'EN Ch'ing-wen had been a stranger to Wang Yun-wu. Subsequently, Wang had had several conversations with this overseas Chinese of Fukien origin and had found him most capable, with excellent English, flawless Cantonese and Amoy dialect. Ch'en would work closely with the Foreign Ministry. Wang believed he had done well as delegate to ECAFE and on SHEN Ch'ang-huan's trip to Latin America.

Major Policies of New Administration: Wang commented that when Ch'en Ch'eng had declared there were to be no fundamental changes of policy under his administration, Ch'en was referring only to the really fundamental policies; such as the counterattack policy and that of opposition to Communism. All other policies of detail would be scrutinized with a view to "eliminating costly activities where possible; where impossible, eliminating the waste", which Wang said was a slogan of his reform committee.

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Improving Livelihood; Reducing Military Waste: Wang expressed the deepest concern over the problem of improving the livelihood of the Government employees. Unless there is an improvement in their pay, he said, any reform measures which might be adopted will not be effective. The question was, how to obtain the funds for a raise. With 75.72 percent of the budget devoted to military expenditures, it was obvious that resources must somehow be diverted from military uses to the civilian administration and economy. While every effort would be made to make economies in the military budget, a reduction of the size of forces, or any actual decrease in the strength, would be most unlikely. It was out of the question, Wang said with emphasis, to do anything which might impair readiness for the counterattack.

Wang's own idea for a solution of this problem, and he stressed that it was his own personal idea, was based in his experience as a business executive. Twice during his management of the Commercial Press, he had been forced to rebuild the entire operation--once after the "Chapei incident"; once after the Second World War. On each occasion, he had obtained the agreement of the shareholders to a deferment of dividend and interest payments, promising that the omitted payments would eventually be made up several-fold. Each time, through scientific management, he had made good on his word. Free China, said Wang, has no shareholders; however, it does have in the United States a friend and partner, dedicated to common goals. Suppose Free China were to propose to the United States that, for a period of five years or less, the latter assume an additional 20 percent of Free China's military burden. Free China could then promise over that period of five years, to effect improvements in administration and stimulate economic growth to such a point that US aid could be reduced below its present level. Thus, in the long run, the United States would benefit economically. He admitted that from the point of view of the Congress, this plan might look like simply a request for additional aid, but he was certain that over a number of years it would reduce, not raise, the burden on the United States.

The Population Problem: Wang discounted any immediate prospect of a birth control program. While serious, the population problem had a lower priority than some others, such as the improvement of treatment of Government employees. "We have many problems," Wang said, "which can only be solved by a return to the mainland."

Foreign Policy: Wang commented that foreign policy under Ch'en would be more vigorous in execution. Trends toward neutralism, especially in Japan, would be countered as promptly and as effectively as possible.

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MEMORANDUM OF CONVERSATION

Participants: Mr. HSIEH Jen-chao, Member of Legislative Yuan
D. L. Osborn, Chief of Political Section, Embassy

Date: July 2, 1956

Subject: Designation of Ch'en Ch'eng as Premier; Possible Use of
Legislative Initiative for Amendment of Constitution.

Hsieh called to tell me what he knew about the designation of Ch'en Ch'eng as Premier, from the standpoint of the political situation in the Legislative Yuan. It was the general consensus that Ch'en would make a vigorous and effective Premier, as he had in 1950-1954. Most people welcomed the designation. At the same time, there was some concern on the part of the "opposition" CC Clique lest Ch'en attempt to promote harmony by further isolating that clique from power. Some felt, for example, that MI Wen-ya, a "Ch'en Ch'eng Clique" man who had worked very hard for the Publications Law, might be put up to replace CHANG Tao-fan, a CC Clique man, as President of the Legislative Yuan. The concern of the CC Clique was, according to Hsieh, reflected at the KMT Standing Committee meeting at which the President's designation of Ch'en was approved. HU Chien-chung (one of the three CC members of the Standing Committee, the others being Chang Tao-fan and KU Cheng-kang), in endorsing the President's nomination of Ch'en, had stressed that the necessary qualifications for the post of Premier included, besides the ability to serve as a symbol of the counterattack, the capability to bring unity to the political system (plus three other points which Hsieh forgot.) The reference to unity was interpreted, Hsieh said, as a plea for tolerance toward the CC Clique.

Commenting on press speculation that the designation of Ch'en strengthened the chances of Ch'en's succeeding President Chiang in 1960, Hsieh said he wondered whether the opposite interpretation were not possible. There are two ways in which the Constitution could be amended so as to make possible a third term for President Chiang. The first way, by the initiative of the National Assembly, is impossible because of the lack of a quorum. The second way, by the initiative of the Legislative Yuan, required a 3/4 vote of a 3/4 quorum of Legislative Yuan members, following which an amendment can be submitted to the National Assembly. I pointed out that the Legislative Yuan would still be some 50 members short of a quorum for this procedure. However, Hsieh said there was no legal obstacle in the way of filling out the quorum by appointing some of the numerous duly elected alternates now on Taiwan to the existing vacancies in the Yuan. It would be difficult to get the necessary 3/4 vote, even if the quorum were met; but if anyone could do it, Ch'en Ch'eng could.

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: PAO Hua-kuo, Member of Legislative Yuan, Secretary General of APAAC;
 HSIEH Jen-chao, Member of Legislative Yuan;
 D. L. Osborn, Chief of Political Section, Embassy.

DATE: July 7, 1958.

SUBJECT: CH'EN Ch'eng as Premier.

CH'EN Ch'eng's Character. Over lunch at my house, legislators PAO and HSIEH agreed that CH'EN Ch'eng would make a much more vigorous and effective Premier than O. K. YUI. However, neither man thought Ch'en would have all smooth sailing. Pao, one of the more active "opposition" members of the Legislative Yuan, indicated that the "opposition" would be on its guard against Ch'en as a military man, too much inclined to expect unquestioning obedience, instead of submitting his policies to the democratic process of debate and compromise. Hsieh (a "liberal" member of the "Ch'en Ch'eng Clique") agreed that this was a danger with a military man. He said that in the course of his wartime association with the Vice President, the latter had frequently made decisions in disregard of the opinions of his subordinates; however, the decisions had usually been good, courageous ones. Ch'en, said Hsieh, had exhibited considerable stubbornness over the recent Publications Law Revisions Bill, refusing to listen to contrary opinions, but in this case, Ch'en had had no alternative, in view of the President's strong desire to have the Bill passed. Hsieh pointed out that Ch'en has been greatly "humanized" in the past few years. He now indulges in humor, is more willing to accept criticism, and even yields occasionally on some points. Nevertheless, Hsieh volunteered a comment with which Pao agreed: it was a pity that the Vice President had had no experience with Western democratic institutions. Ch'en Ch'eng was not anti-foreign, though he was nationalistic. He was inclined to be liberal at heart, but he did not have enough experience to rely fully on democratic processes.

CH'EN Ch'eng and the Legislative "Opposition". I asked whether Ch'en could expect to encounter any opposition in the Legislative Yuan, such as had marked the course of the press law. Pao replied "The amount of opposition he receives will depend on the policies he tries to adopt. If he tries to force through policies like the press law, he will have plenty of opposition." I objected that the opposition to the press law had, in the end, been unavailing. Hsieh said "But the Vice President cannot afford to do this very often. I hope and believe he will only use such methods when the President's desires force him to do so."

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Taiwan's Economic Future, Reduction of Forces, and the Population Problem. Pao commented that a key question that would be watched by the legislators was the economic policies of the new administration. Only a few legislators were in full agreement with Pao, that a decision must be taken to reduce the size of the armed forces, in order to increase investment in the economy of Taiwan. However, many were seriously concerned about the inevitable deterioration of the economy in the face of the growth of population. The question was also political. Unless economic improvement permitted an increase in the pay of military and civilian employees of the Government, corruption would increase, morale would drop, and the Government would become unstable. Pao advocated a policy of cutting down on the armed forces, perhaps to half their present size, and concentrating on the political offensive against the Communists. No matter whether Free China armed every man on Taiwan, it still could not hope to equal the Communists in military forces. However, Free China could certainly develop a far better political system than the mainland, and it could employ a more aggressive propaganda policy to encourage political unrest on the mainland.

I asked whether Pao knew the Vice President's views on the population problem. Pao said he had discussed this with Ch'en recently, in connection with the publication of United Nations statistics on world population growth. Ch'en had fully agreed as to the seriousness of the problem for Taiwan, but had said that the strength of the Chinese tradition in favor of numerous offspring was too great to permit Government sponsorship of birth control measures. In defense of Ch'en, Hsieh pointed out that Pao himself, for all of his concern about population growth, had not introduced any birth control bill in the legislature. Pao admitted that, in the face of the Chinese tradition, such a bill would not have a chance of passing.

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From Taipei

Hung Lun Pao
July 5, 1958

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Legislators Support CH'EN Ch'eng as President of New Cabinet

(Our own correspondent) - The Legislative Yuan held its 35th plenary meeting of the current session yesterday (July 4) to vote on Ch'ien Ch'eng's appointment as the President of the Executive Yuan. The meeting reviewed the recommendation in accordance with Article 58 of the Yuan's procedural rules. Legislators T'ang Ssu-yao, 1/ Chou Shu-sheng, 2/ Kuo Teh-chuan, 2/ She Ling-yun, Li Kung-chuan, 4/ Chiang Fo-chang, 5/ Ch'ien Tsu-feng, 3/ Jiang Keng-yun, 1/ Ch'ien Tsu-t'ing and others spoke one after another. They unanimously supported President Chiang's nomination of Ch'ien Ch'eng as the President of the Executive Yuan and expressed their expectations.

The review started at 9:30 a.m. with President Chang Tao-fan elected to the chair. Legislator T'ang Ssu-yao first presented his written views. He said that since Legislators were representatives of the people, their words in the Yuan were sometimes unavoidably unpleasant, but their intentions were identical with the Government's goal for a better rule. He said he hoped the responsible authorities of the Government would not misunderstand them as entertaining undesirable intentions or as anti-KMT, anti-Government or anti-President. The Government must have the magnanimity to tolerate criticisms against their mistakes because criticisms were only normal in democratic politics, T'ang said. The Legislator pointed out that the people at home and abroad were earnestly aspiring for a better rule and that when they found that the Government was not magnanimous or strong enough, a part of them had made some criticisms which were unavoidable. However, he added, these people could not be compared with those who were organized and intended to oppose the KMT and to subvert the Government. He hoped the Government would have the far-sightedness and breadth of view to tolerate them because this would serve to enlarge the anti-Communist force and would be in the interest of the people.

T'ang further added that Vice President Ch'ien's remarkable achievements during his governorship and the first premiership were highly praised by the people and that ever since he was renominated by the President, public opinion had been praising him as the most appropriate man; people hoped that after Ch'ien

- 1/ KMT-Opposed Publications Law.
- 2/ Democratic Socialist - Opposed Publications Law.
- 3/ KMT - Views on Publications Law not known.
- 4/ Young China Party - Opposed Publications Law.
- 5/ KMT - "opposition"
- 6/ Young China Party, views on Publications Law not known.

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took office, he would do what he did in the past, that he would not be encircled by dishonest people, that his wisdom would not be overshadowed by feelings, that he would be loyal and patriotic, that he would assist the President to recover the mainland at an early date, and that he would rescue the people [on the mainland] from persecution. These were the common hopes of the President and the people, T'ang concluded.

Chou Shu-sheng, DSP member of the Legislative Yuan, praised Ch'en's past achievements. He said the Yui cabinet had made very many contributions during the past four years and that it had been a prudent and stable government. However, Chou went on, the Government needed a strengthening under the present circumstances, and since Ch'en was also a military expert, he could bring a closer military and political coordination. For this reason, he requested the Yuan to give its confirmation.

Legislator Kuo Teh-chuan said that according to article 57, the Executive Yuan should be responsible to the Legislative Yuan. He hoped that Vice President Ch'en would be responsible after he took office, and he believed that he would be. Kuo said that since the Government moved to Taiwan ten years ago, the first five years were the stage of rectification, and the second five years were the preparatory stage. From now on, he said, it would be the counterattack action stage, and therefore, close military and political coordination was vitally important. Thus, he said, the nomination of the Vice President was of great significance because it was telling the world that China's counterattack cabinet had emerged and that we were seeking support from friendly nations and that we were going to show our counterattack strength to the Chinese Communists.

DSP Legislator Chin Shao-hsien released a written statement after the Legislative Yuan confirmed Ch'en Ch'eng's appointment which said: "Most of this Party's legislators supported Mr. Ch'en's nomination as the President of the Executive Yuan by President Chiang. Mr. Ch'en scored great successes during his governorship and premiership in establishing the local and central budgetary system, improving the pay system in the armed forces, implementation of the Land-to-the-tillers Program and the development of economic projects which are all essential factors of Taiwan's current prosperity and stability. At this moment, when counterattack preparations need strengthening, Mr. Ch'en is an appropriate man to again lead the Executive Yuan.

"The DSP is a minority party in the Legislative Yuan. We may disagree with the policies of the ruling party, but for the interest of the nation we have much in agreement on such basic principles as anti-Communism and promotion of democracy and liberty. It is for the future of the nation that we support Mr. Ch'en. We earnestly hope that Mr. Ch'en will strengthen his contacts with the minority parties with an impartial attitude on affairs of state."

Legislator (KMT) She Ling-yun said since the President had nominated Ch'en Ch'eng as the President of the Executive Yuan, the Legislative Yuan should

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support him without any reservation. He said: "During the past four years, the Yui cabinet has solidly laid the foundation for democratic constitutional system. But today, the international situation is delicate. Everyone hopes that politically we can be closely united and become a democratic and anti-Communist stronghold. For this reason, we need a powerful statesman to head the Executive Yuan. As the public opinion here and abroad has unanimously supported Vice President to lead the Government, we certainly should confirm his appointment without any reservation."

Member Li Kung-chuan (YCP) said it was an extraordinary case for the Vice President to hold the concurrent post as the President of the Executive Yuan. He said since the whole nation was now anti-Communist, he requested the whole nation to support him and hoped that the VP-Premier would create a unanimity of the whole nation. Li said that according to Article 59 of the Yuan's procedural rules, the plenary meeting screening the nomination might request the President to instruct the nominee to present his administrative views before the Yuan if the plenary meeting deemed it necessary. As the Yuan had already approved the Administrative Program and general budget for 1958, he suggested that Mr. Ch'en be invited to appear before the Yuan before the current session ended to present his views and state whether he was going to revise this year's administrative program and whether the plans enumerated in his administrative program four years ago were to be carried out. "Is the Anti-Communist National Salvation Conference to be called?" Li asked. He requested that Ch'en make a report before the Yuan after his appointment was confirmed.

Lawmaker Chiang Po-chang said since the Government moved to Taiwan ten years ago, the people on the mainland and the democratic countries of the free world were hoping that this country would launch its counterattack. Since Ch'en Ch'eng was nominated by the President under such a circumstance, he said, he hoped that the new premier would take up the responsibility of counterattack and national recovery.

Another Legislator, Ch'en Tzu-feng said after four years of preparation by the Yui cabinet, the counterattack work had been completed. He said since the counterattack was the unanimous goal of the nation, he hoped that Ch'en would lead the nation to fight back to the mainland at an early date after he took office.

Independent Legislator Wang Meng-yun hoped that the confirmation votes of the Legislative Yuan would be well rewarded. He listed five wishes: 1) For the sake of the counterattack, the draft organic law of the National Defense Ministry would be sent to the Legislative Yuan for screening at an early date. 2) The new premier would lead a nation to live a wartime life. 3) Corruption be rooted out once for all. 4) Livelihood of the public servants and teachers be stabilized and the for the judicial officials be raised. 5) The Administration be forbidden from interfering in judicial independence.

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YCP Legislator Ch'en Tsu-I was the last one to speak. He said all the legislators who had spoken supported Ch'en Cheng's nomination by President Chiang. But, he said, ever since the Revised Publications law was brought up, the views of the legislators had not been identical. He hoped that in the future the interest of the nation be given more importance and the peace between legislators be restored.

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TEXT OF STATEMENT TO THE PRESS BY HIS EXCELLENCY
HUANG SHAO-KU, MINISTER OF FOREIGN AFFAIRS, AFTER HIS INAUGURATION
ON JULY 19, 1958

In assuming the duties of my new office as Foreign Minister at this crucial time, I am not unaware of the challenging responsibilities which lie ahead. Under his long and distinguished administration, my good friend and colleague, Dr. George K. C. Yeh, has set an admirable pattern in the conduct of our foreign affairs. I wish to take this opportunity to pay him my tribute.

In the Government's foreign policy I do not envisage any basic change. The fundamental principles of our policy, as I understand them, may be summarized as follows. In the face of the constant aggression or threat of aggression by the international communist bloc, the peace and security of the free world is indivisible. As humanity shares a common fate at this moment, it is imperative that we strengthen our solidarity and cooperation with all anti-communist and non-communist countries and contribute our share to strengthen the collective security system and to uphold the principles of international justice and freedom as embodied in the United Nations Charter.

In the Far East, we must also direct our effort in the development of the Asian collective security system and of regional economic cooperation in order to effectively checkmate the military adventures and the political and economic infiltration of the Soviet Russian and Chinese Communists.

The close cooperation achieved between the United States and the Republic of China has become an important stabilizing force in the Far East. We must continue to build up our own strength and increase our overall cooperation with the United States with a view to insuring the peace and security not only in this area but also of the entire world. For without a free and unified China, there can be no freedom and security in Asia. And without a free and secure Asia, there can be no safeguarding of the freedom and security of other areas in the world.

For the unification of China, for the restoration of the freedom of hundreds of millions of our suffering compatriots, and indeed for the freedom and security of Asia and the world, we must recover our mainland from the tyranny of the Chinese Communist regime. It is our hope that in our struggle for the accomplishment of this sacred mission we shall have the moral support of all free nations.

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The recent acts of covert or indirect aggression by international communism has created a grave situation in the Middle East which threatens the peace and security not only of that vital area but also of the entire world. Based on our recognition of the indivisibility of world peace and security and on our position to uphold the principles of international justice and freedom of the United Nations, we will give our whole-hearted support to any positive measure taken by the free nations to help defend the freedom and independence of the victim countries.

The purpose of our policy is clear and unmistakable: the recovery of the mainland from the tyranny of the Chinese Communist regime. Though the path of our travail may be long and weary, we shall not falter or flinch until we reach the end of our journey.

After taking over my new post I hope I shall receive the help and guidance of all my friends, particularly those of the journalistic profession with which I was privileged to have been associated for a great many years. I know that their cooperation and support will be of great value to the fulfillment of my task.

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A SUMMARY OF
EDITORIAL COMMENTS ON THE NEW CABINET

All major papers in Taipei commented on the new cabinet headed by Vice President Ch'en Ch'eng.

In general, all editorials considered the new cabinet a strong one which offered hopes and a bright future for the nation. However, some private papers expressed their regrets that some ministers, especially Minister of Justice Ku Feng-hsiang and Minister of Interior T'ien Chiung-chin, were retained.

Former Minister of Foreign Affairs Yeh Kung-chao's relief from the post which he had held for nine years was taken by the press as the greatest surprise. Yeh's contributions to the nation were known to all. Although it is known that he will replace Dr. Hollington Tong as Ambassador to Washington, he will be missed here.

Wang Yun-wu's second place in the new cabinet was considered as a sign that the Government was going to push forward with full might the Administrative Reform Program. Wang is now heading the Administrative Reform Committee which is supposed to wind up its work in September. Wang is not a member of the ruling KMT.

Mei Yi-chi, Chancellor of the National Tsinghua University for twenty-five years, was welcomed by the press which unanimously said that, being a scholar-educator, Mei could be expected to improve the nation's education. Former Minister Chang Chi-yun was constantly under attacks for his new programs, and for his spending too much money and time on unnecessary or non-urgent projects.

Premier Ch'en was also considered wise in picking Wang Shih-chieh, a veteran statesman, and General Hsueh Yueh to be Ministers of State without Portfolio. The press believed Wang with his rich political experience, could advise Ch'en on foreign affairs, whereas General Hsueh could contribute his share in helping the Premier to deal with military affairs.

Lt. Gen. Chiang Ching-kuo, President Chiang's elder son, is the one who attracts most interest among all cabinet ministers. This is his first cabinet post. The press believed that in view of his past contributions, Gen. Chiang well deserved his new position as one of the Ministers of State without Portfolio.

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Chung Yang Jih Pao (KMT) - (July 15) - The ruling party paper said: "... As far as the cast of the new cabinet is concerned, there have not been many changes, but it is a strong and solid one.... Taiwan's natural resources and productivity are limited, but despite these limitations, the Government has to take up two great missions - the counter-attack and the defense of the security of the Pacific Ocean.... On this anti-Communist base, there can be no miracles. But we have one thing in our possession - we are prepared to withstand any enemy tricks or any surprise attacks and we are able to deal with them bravely and promptly...." The editorial then went on: "Why do we consider the cast of the new Executive Yuan a strong and solid one? For example, the fact that Mr. Wang Yun-wu has been appointed as Vice President of the Yuan indicates that the new Government is determined to carry out the Administrative Reform Program. Again, Dr. Mei Yi-chi has been appointed as Minister of Education. He is a member of this Party and known for his prudence. It is certain that he will lay a stable and solid foundation for the nation's education. Furthermore, Mr. Yeh Kung-chao, an outstanding diplomat, has been assigned to another important diplomatic post and Mr. Huang Shao-ku has been appointed to succeed him as the Minister of Foreign Affairs. This arrangement fully demonstrates President Ch'en's great wisdom."

Hsin Sheng Pao (Provincial Government) - (July 15) - The paper said the new cabinet was characterized by its weight, extensiveness, strength and newness. The editorial of the Provincial organ said: "The fact itself that the Vice Chief of State is invited to head the Executive Yuan carries great weight. The appointments of Wang Shih-chieh and Chiang Ching-kuo as Minister of State without Portfolio, the replacement of Yeh Kung-chao by Huang Shao-ku and the appointment of Dr. Mei Yi-chi as Minister of Education all contribute to the weight of the new Government."

"The second characteristic of the new cabinet is its extensiveness. It includes not only the important figures of the ruling Kuomintang but also independents and leaders of the minority Young China Party and Democratic Socialist Party."

"The third characteristic is its strength. Both its new ministers and its incumbent ones are all the cream of the nation."

"Newness is the last characteristic of the Ch'en cabinet. Five of its seven Ministers of State without Portfolio are new faces. About half of its ministries are headed by new chiefs."

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"This is a good start. From the cast of the new cabinet, we have reason to believe that Premier Ch'en will satisfy the anxious expectations of the people."

Hu Pao (independent) - (July 15) - The independent paper said the new cabinet was not completely satisfactory, but considered the cast as a whole nearly so because, at least, it had the following characteristics: that Wang Yun-wu and Mei Yi-chi had entered the cabinet, that Wang Shih-chieh and Lt. Gen. Chiang Ching-kuo had been appointed as Ministers of State without Portfolio.

The editorial said: "Both Wang Yun-wu and Mei Yi-chi are known for their successes in academic field. They have high prestige and are usually aloof from political circles. Yet they are now made the Vice Premier and the Minister of Education instead of having some unimportant positions. This shows that Premier Ch'en is open-minded and sincere."

"The joining of the cabinet by Dr. Wang Shih-chieh and Lt. Gen. Chiang Ching-kuo adds weight to the prestige of the new Government. Wang had occupied many important positions in the past and it is only expected that he will make great contributions by advising the Premier. As far as Gen. Chiang is concerned, his patriotism and hard-working qualities have already earned for him a good reputation and a solid position. His joining the Ch'en cabinet is bound to bolster the prestige of the new Government."

The paper agreed that the Minister of Finance and the Minister of Economic Affairs should be retained; they took office only three months ago and their policies have yet to be proved by time, and so it would be improper to change them now.

The editorial did not mention openly that it did not approve the retention of Ku Feng-hsiang, Minister of Justice, but its tone clearly betrayed its dissatisfaction. It said: "Judicial administration is directly concerned with the people's rights and interests. During the past years and now, the deterioration of judicial discipline is bitterly criticized, and the people are aspiring for reforms and changes. We hope the new cabinet will give its attention to the matter."

Kung Sun Pao (YCP) - (July 15) - The Young China Party paper considered the cast of the new cabinet satisfactory, although some ministers who the people unanimously thought should go were still retained. The paper did not mention these ministers by name but presumably they are Minister of Justice Ku Feng-hsiang

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and Minister of Interior T'ien Chiung-chin. The paper was happy to see that "a couple of ministers who were ambitious but... interested in only doing some superficial jobs" could now have "a rest". Again, the editorial did not mention them by name but the reference was presumably to Minister of Education Chang Chi-yun and Chairman of the Overseas Affairs Commission Cheng Yen-fen.

It then made three suggestions which it said were its expectations of the new cabinet. The editorial said: "First - When Mr. Ch'en formed his first cabinet in 1950, his policy was to consolidate Taiwan and to counterattack the mainland. His contributions to the first part of his policy are well understood, but no action has yet been seen on the second half. The long wait has resulted in low morale and depression. Therefore, Ch'en's first great task after he takes office should be how to start the second half of his previously established policy - to counterattack the mainland - from the already accomplished first half - the consolidation of Taiwan.

"Second - To unite the anti-Communist forces here and abroad is another of Mr. Ch'en's unfinished political tasks. He made the promise four years ago that an anti-Communist and National Salvation Conference would be held. The conference is still necessary. The last Government failed to honor the promise. And now, the Government and anti-Communist elements here and abroad are not on cordial terms. Whether this unfortunate situation is to be averted will depend on the decision to be made by the new cabinet headed by Mr. Ch'en, that is, on whether the new cabinet is still satisfied with the one-party "revolution." If Mr. Ch'en can succeed in bringing about a true unity, the people will certainly be deeply impressed."

"Third - As far as the latest events are concerned, there is nothing which has done more to dishearten the people than the passage of the Revised Publications Law, which was against public opinion and offends people's views. It has caused irremediable damage to the prestige of Free China internationally. The new cabinet should correct the mistakes and abuses of the past one. We hope that the Ch'en cabinet will, with great courage and decision, abrogate this law or instruct the Ministry of Interior to make another revision. This will show that the Government is sincere in making peace with the people and will definitely regain the lost allegiance. We wonder if the new Ch'en cabinet has such an intention."

Chung Hua Jih Pao (KMT) - (July 16) - This KMT paper did not comment on the formation of the new cabinet until after the new

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Premier took office and held a press conference. It said the new cabinet cast showed that when Premier Ch'en was picking his ministers, he already had his policy ideals in his mind. It expressed the belief that the new cabinet would have a bright future.

The editorial said one got three impressions from Ch'en's press conference. (1) While there will be no change in the basic counterattack and Taiwan reconstruction policy, there will be some amendments in political measures, because of difference of time and place. (2) Since Mr. Ch'en said that when the new cabinet was being organized, he studied very carefully all press comments here and abroad and stated that he would adopt those constructive views, it means that the principle of "politics are public affairs" is well respected and that democracy in China will be further developed. (3) Premier Ch'en spoke very frankly and honestly. He promised to "do what should be done and what can be done." There was no exaggeration in his statement.

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